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**IMPERIAL CALCASIEU REGIONAL PLANNING &
DEVELOPMENT COMMISSION**

FINANCIAL REPORT

JUNE 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-9-08

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

Lake Charles, Louisiana

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Imperial Calcasieu Regional Planning
and Development Commission
Lake Charles, Louisiana

We have audited the accompanying general purpose financial statements of the Imperial Calcasieu Regional Planning and Development Commission as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Imperial Calcasieu Regional Planning and Development Commission as of June 30, 2007, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2008, on our consideration of the Imperial Calcasieu Regional Planning & Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis pages 5 through 7, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the Imperial Calcasieu Regional Planning & Development Commission's general purpose financial statements. The budgetary comparison schedule - budgetary basis is required supplementary information but is not considered a part of the basic financial statements of the Imperial Calcasieu Regional Planning & Development Commission. The schedule of revenues and expenditures - grant funds is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Imperial Calcasieu Regional Planning & Development Commission. These schedules have been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quirk & Burch

Lake Charles, Louisiana
February 25, 2008

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2007

This discussion and analysis of Imperial Calcasieu Regional Planning and Development Commission's (IMCAL) financial performance provides for an overview of IMCAL's financial activities for the year ended June 30, 2007. Please read it in conjunction with the Report of the Independent Auditor's Report on page 1.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those financial statements. The financial statements are organized so that the reader can understand IMCAL as a whole, and then proceed with an increasingly detailed look at specific financial activities.

REPORTING ON IMCAL AS A WHOLE

Statement of Net Assets and Statement of Activities

These two statements report IMCAL's net assets and changes in them. The change in net assets usually provides the reader with a tool to assist in determining whether IMCAL's financial health is improving or deteriorating.

The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services. The net loss of programs reflected on Page 9 of \$12,060 reflects a decrease in net assets as compared to a decrease of \$16,857 in net assets for the prior year.

Analysis of Revenue

Revenue was principally provided from three sources: Federal and State Grants of \$301,496 (60%) as compared to (56%) for the prior year; Local Match of \$89,052 (18%) as compared to (20%) for the prior year; and Dues of \$103,265 (21%) as compared to (22%) the prior year. All other sources accounted for \$8,850 of revenue (1%).

Grants

The period that grant funds can be expended varies, so not all funds must be, or should be expended in the year of granting. Revenue is recognized to the extent expenditures were incurred that meet the specific criteria included in the award. For example, if our transportation grant funds are not fully spent during the grant period, the balance is included in our next award.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007 (Continued)

In August, 2005, Hurricane Rita struck Southwest Louisiana bringing flooding and wind damage to the area. The IMCAL staff suffered personal losses and were unable to return to their property for a two week period. The staff has been closely involved with the recovery efforts of Southwest Louisiana and expects the effort to be ongoing. We are continuing to pursue supplemental and new grant funds for the future and the funds will be spent to the extent that matching funds are available.

Analysis of Expenditures

Total governmental activity expenses are presented on the Statement of Activities Schedule on page 9. The total expenditures for the year are \$508,048 as compared to \$429,418 for the prior year. The increase in expenditures is primarily due to the addition of matching funds required for this year.

Financial Performance

For the year ended June 30, 2007, net assets changed as follows:

| | |
|------------------------|-------------------|
| Beginning net assets | \$ 294,514 |
| Decrease in net assets | <u>5,404</u> |
| Ending net assets | <u>\$ 289,110</u> |

This represents a 2% decrease in net assets for the year as compared to a 4% increase in the prior year. Total net assets at June 30, 2007 were comprised of the following:

- (1) Invested in capital assets of \$8,913 that included property and equipment, net of accumulated depreciation.
- (2) Unrestricted net assets of \$273,664 that represents the portion available to maintain operations.

Budgetary Highlights

The final budget reflected a reduction in revenues from the original budget of \$304,335 or 37% as compared to a prior year reduction of 21%. Expenditures were reduced by \$331,180 or 41% as compared to the prior year's 20% reduction. Both reductions were related to under-spending the transportation budget due to a budgeted position not filled and budgeted consultant fees not spent.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2007 (Continued)**

The actual revenues exceeded the final budget by \$(14,076) or less than 3% as compared to \$6,065 or less than 1% the prior year. The actual expenditures exceeded the final budget by \$(34,659) or 0.7% whereas the prior year actual expenditures exceeded the final budget by \$345 or .08%.

Contacting IMCAL's Financial Management

This financial report is designed to provide citizens and taxpayers with a general overview of IMCAL's finances, revenues and expenditures. If you have any further questions about the report, or need additional information, contact IMCAL at Post Office Box 3164, Lake Charles, Louisiana 70602, (337) 433-1771.

James E. Porter
Executive Director

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF NET ASSETS

June 30, 2007

| ASSETS | Governmental Activities |
|---|----------------------------|
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 311,767 |
| Grants receivable | 76,739 |
| Interest receivable | 80 |
| Dues receivable | 7,832 |
| MPO dues receivable | 6,527 |
| Prepaid expenditures | 5,217 |
| Refundable deposit | <u>450</u> |
| Total current assets | 408,612 |
| NONCURRENT ASSETS | |
| Capital assets, net | <u>8,913</u> |
| Total assets | <u>417,525</u> |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accrued expenditures | 4,718 |
| Leave payable | 8,774 |
| Deferred revenue | <u>114,923</u> |
| Total current liabilities | 128,415 |
| NET ASSETS | |
| Investment in capital assets, net of related debt | 8,913 |
| Restricted for: | |
| Prepaid expenditures | 5,217 |
| Delta expenditures | 1,316 |
| Unrestricted | <u>273,664</u> |
| Total net assets | <u>\$ 289,110</u> |

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Net Revenue (Expense)</u> |
|----------------------------------|-------------------|-------------------------------------|---|--------------------------------------|
| Planning and development | \$ 111,865 | \$ 105,439 | \$ - | \$ (6,426) |
| EDA programs | 111,715 | - | 111,715 | - |
| FHWA programs | 227,499 | - | 227,499 | - |
| FTA programs | 48,447 | - | 48,447 | - |
| LED program | 2,888 | - | 2,888 | - |
| Delta region program | 5,634 | - | - | (5,634) |
| Total governmental activities | <u>\$ 508,048</u> | <u>\$ 105,439</u> | <u>\$ 390,549</u> | <u>\$ (12,060)</u> |
| General revenues: | | | | |
| Interest | | | | <u>\$ 6,656</u> |
| Change in net assets | | | | \$ (5,404) |
| Net assets - beginning of year | | | | <u>294,514</u> |
| Net assets - end of year | | | | <u>\$ 289,110</u> |

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

BALANCE SHEET - GENERAL FUND

June 30, 2007

ASSETS

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 311,767 |
| Grants receivable | 76,739 |
| Interest receivable | 80 |
| Dues receivable | 7,832 |
| MPO dues receivable | 6,527 |
| Prepaid expenditures | 5,217 |
| Refundable deposit | <u>450</u> |
| Total assets | <u>\$ 408,612</u> |

LIABILITIES

| | |
|----------------------|----------------|
| Accrued expenditures | \$ 4,718 |
| Deferred revenue | <u>114,923</u> |
| Total liabilities | <u>119,641</u> |

FUND BALANCES

| | |
|---------------------------------|----------------|
| Unreserved fund balance | 282,438 |
| Reserved - prepaid expenditures | 5,217 |
| Reserved - delta expenditures | <u>1,316</u> |
| Total fund balances | <u>288,971</u> |

| | |
|-------------------------------------|-------------------|
| Total liabilities and fund balances | <u>\$ 408,612</u> |
|-------------------------------------|-------------------|

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET

June 30, 2007

| | |
|---|-------------------|
| Total governmental fund balances | \$ 288,971 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund | 8,913 |
| Balances for compensated absences are not reported in the fund | <u>(8,774)</u> |
| Net assets of governmental activities | <u>\$ 289,110</u> |

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GENERAL FUND
Year Ended June 30, 2007

REVENUES

| | |
|--------------------------|----------------|
| Federal and state grants | \$ 301,496 |
| Local match - IMCAL | 89,052 |
| Dues | 103,265 |
| Interest income | 6,656 |
| Other income | <u>2,174</u> |
| Total revenues | <u>502,643</u> |

EXPENDITURES

| | |
|------------------------------|----------------|
| Current operations: | |
| Planning and development | 113,125 |
| Economic development program | 111,715 |
| FHWA program | 227,499 |
| FTA program | 48,447 |
| LED program | 2,888 |
| Delta regional program | 5,634 |
| Debt service | <u>1,472</u> |
| Total expenditures | <u>510,780</u> |

OTHER FINANCING SOURCES (USES)

| | |
|--------------------------------------|----------------|
| Operating transfers in | 5,634 |
| Operating transfers out | <u>(5,634)</u> |
| Total other financing sources (uses) | <u>-</u> |

(Deficiency) revenues over expenditures (8,137)

Fund balance - beginning of year 297,108

Fund balance - end of year \$ 288,971

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ (8,137)

Amounts reported for governmental activities in the
statement of activities are different because:

Increase in compensated absences balances is revenue
in the governmental funds, but the obligation
increases long-term liabilities in the statement
of net assets (1,472)

Governmental funds report capital outlays as
expenditures. However, in the statement of
activities, the cost of those assets is allocated
over their estimated useful lives as depreciation
expense. This is the amount by which depreciation
exceeded capital outlays in the current period 4,205

Change in net assets of governmental activities \$ (5,404)

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies

Imperial Calcasieu Regional Planning and Development Commission (IMCAL) was created for the purpose of coordinating and assisting in the planning, developing and implementing of local, state, and federal programs on a regional basis. Improved communication and coordination among the planning efforts of the above programs was a primary goal of the eight regional planning and development districts, of which IMCAL represents District 5.

The accounting and reporting policies of IMCAL conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. IMCAL has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

Imperial Calcasieu Regional Planning and Development Commission (IMCAL) was created for the purpose of coordinating and assisting in the planning, developing and implementing of local, state, and federal programs on a regional basis. Improved communication and coordination among the planning efforts of the above programs was a primary goal of the eight regional planning and development districts, of which IMCAL represents District 5.

The accounting and reporting policies of the Commission conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the AICPA industry audit guide, *Audits of State and Local Governmental Units*.

This report includes all funds that are controlled by or dependent on the Board of Commissioners of the Imperial Calcasieu Regional Planning and Development Commission. Control by or dependence on the Board of Commissioners was determined on the basis of financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity. Based on the foregoing criteria, it was determined that no other agency should be included in this reporting entity.

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government.

The Statement of Net Assets and the Statement of Activities report financial information for the Commission as a whole so that individual funds are not displayed. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

IMCAL segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. IMCAL has no proprietary activities.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the primary operating fund. Grants received by IMCAL are characterized by administrative and/or direct financial involvement. As such, they are accounted for in the general fund.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to which transactions are recorded within various financial statements. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

In the fund financial statements, governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented

in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Budgets and Budgetary Accounting

Budgets for the various programs are prepared by the Executive Director and approved by the Board of Directors. The original and subsequent amendments are also approved by the Board. The original budget was adopted on May 18, 2006 and was amended on April 23, 2007. The final amended budget is presented in these financial statements. Formal budgetary integration is employed as a management control device during the year.

Encumbrance accounting is not used.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. IMCAL considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit are stated at cost. At June 30, 2007, IMCAL had no cash equivalents.

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the IMCAL to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

F. Prepaid Expenditures/Reserved Fund Balance

The Commission has purchased commercial auto, dishonesty, and worker's compensation insurance. The coverage is consistent with that from prior years. The Commission has elected not to expense amounts paid for the portion of insurance coverage that extends into the next fiscal year. The fund balance in the governmental fund type has been reserved for the prepaid expenditures recorded in these funds to reflect the amount of fund balance not currently available for expenditures.

G. Capital Assets and Depreciation

Capital assets - In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

| | |
|--|--------------|
| Computer equipment, including software | 5 - 10 years |
| Furniture, office equipment | 5 - 10 years |

IMCAL has no infrastructure assets.

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition.

H. Accumulated Leave

For governmental fund types, the Commission's liability for accumulated unpaid annual leave has been recorded on the Statement of Net Assets. These amounts will be recorded as expenditures in the year in which they are paid or become due on demand to terminated employees. For monthly grant reporting purposes, the Commission allocates a portion of the earned annual leave as a salary cost and thus, the program is not charged when the actual leave is taken. The Commission's sick leave policy does not provide for the vesting of sick leave.

The Commission's employees earn annual leave at a rate of twelve days per year for employees with less than two years of service and fifteen days per year for employees with over two years of service. A maximum of 20 vacation days may be accrued. A liability for such accruals has been provided; however, no liability is reported for unpaid accumulated sick leave.

I. Deferred Compensation

IMCAL offers employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code of 1986. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with provisions of GASB Statement No. 32, plan balances and activities are not reflected in the financial statements.

J. Deferred Revenue

Deferred revenue is provided for the 2007-2008 dues (\$114,923) that are billed in the current year but are not due and payable until the following year.

K. Cost Allocation Plan

Direct costs are charged directly to the grant in which the expenditure is incurred. All other costs not identifiable as direct charges are regarded as indirect costs and accumulated in a pool. This pool is distributed monthly to the grants based on the proportion of each grant's direct labor costs to total direct labor costs for that month.

Note 2. Cash and Cash Equivalents

At June 30, 2007, Imperial Calcasieu Regional Planning and Development Commission had the following balances in its cash accounts:

| | <u>Bank Balance</u> | <u>Book Balance</u> |
|-------------------------|-------------------------|-------------------------|
| Petty cash | \$ - | \$ 150 |
| Capital One Bank: | | |
| Checking | 68,131 | 52,138 |
| First Federal Savings: | | |
| Certificate of deposit | 64,045 | 64,045 |
| JP Morgan Chase Bank: | | |
| Money market | 210,161 | 192,161 |
| Cafeteria plan checking | <u>3,273</u> | <u>3,273</u> |
| Total Cash | <u>\$ 345,610</u> | <u>\$ 311,767</u> |

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

IMCAL maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district.

Bank demand and time deposits at year end of \$345,610 (bank balances) were entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in IMCAL's name.

Note 3. Receivables

Grants receivable at June 30, 2007, consisted of reimbursements for expenditures incurred under the following programs:

| <u>Program</u> | <u>Amount</u> |
|----------------|------------------|
| FHWA grant | \$ 14,568 |
| FTA grant | 2,980 |
| EDA grant | 31,303 |
| EDA supplement | 25,000 |
| LED grant | <u>2,888</u> |
| Total | <u>\$ 76,739</u> |

Miscellaneous non-grant receivables were recorded in the amount of \$78 (including interest receivable) while \$14,360 was recorded for 2007-2008 dues which were billed in May, 2007 but not received by June 30, 2007. Management does not believe that there is a credit risk exposure in relation to any of the above receivables.

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

| | <u>Balance</u> <u>7/1/06</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>6/30/07</u> |
|---------------------------------------|---------------------------------|------------------|------------------|----------------------------------|
| Computers, furniture and equipment | \$ 132,380 | \$ 7,190 | \$ - | \$ 139,570 |
| Accumulated depreciation | <u>(127,672)</u> | <u>(2,985)</u> | <u>-</u> | <u>(130,657)</u> |
| Capital assets, net | <u>\$ 4,708</u> | <u>\$ 4,205</u> | <u>\$ -</u> | <u>\$ 8,913</u> |

Note 5. Changes in Accrued Leave Payable

The following is a summary of transactions relating to the Commission's leave payable during fiscal year ended June 30, 2007:

| | Balance 7/01/06 | Principal | | Balance 6/30/07 |
|-----------------------------|--------------------|-----------|------------|--------------------|
| | | Additions | Reductions | |
| Accumulated unpaid vacation | \$ 7,302 | \$ 1,472 | \$ - | \$ 8,774 |

Note 6. Economic Dependency/Funding Sources

The Commission receives the majority of its revenue from funds provided through grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Commission receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Commission will receive in the next fiscal year.

During the year, the Commission received the following amounts from various grants:

Federal grants:

| | |
|---|------------|
| Economic Development Administration | \$ 111,715 |
| Federal Transportation Administration (FTA) | 48,447 |
| Federal Highway Administration (FHWA) | 227,499 |
| Local Economic Development Authority (LED) | 2,888 |

Note 7. Operating Transfers

The Commission uses operating transfers to pay expenditures in excess of combined grant and match income. Operating transfers in and out amounted to \$5,634 (net zero) for the 2007 fiscal year.

Note 8. Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

Note 9. Cafeteria Plan

IMCAL offers its employees a flexible benefit plan known as a cafeteria plan, created in accordance with Internal Revenue Code Section 125. The plan, available to all full time employees, permits them to elect to have a portion of their salary paid to the plan and thereby not be subject to federal income or social security taxes on these amounts.

Therefore, the plan allows the plan participants to use tax-free dollars to pay for certain kinds of benefits and expenses that would normally be paid for with out of pocket, taxable dollars. Any amounts remaining in employee reimbursement accounts at the end of the plan year for which reimbursement of qualifying expenses has not been requested are forfeited.

Note 10. Lease Commitments

The Commission leases its office space at a monthly rate of \$1,844. The annual lease is renewable each March by the Commission. The lease expenditure for the year ended June 30, 2007 is \$22,129.

The Commission leased a 2003 Chevrolet Impala for \$436 for 24 months beginning in July, 2003. This is considered an operating lease. Total lease expenditure for the year ended June 30, 2007 is \$5,171.

Note 11. Retirement Commitments

The Commission employees are members of the U.S. Social Security system that administers the plan and is responsible for benefit payments.

Note 12. Contingent Liabilities and Commitments

The Commission does not have any pending litigation cases at June 30, 2007. The Commission's management believes that any potential lawsuits would be adequately covered by insurance.

The Commission receives revenues from various federal and state grant programs that are subject to final review and approval as to the permissibility of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the Commission.

Note 13. Risk Management

As discussed in Note 1-F, the Commission has purchased commercial insurance for its auto and dishonesty insurance. They have not retained any risk with respect to these activities. There were no significant reductions in coverages from the previous year for these policies and no significant claims in excess of insurance coverage.

The Commission also participates in the Louisiana Parish Government Risk Management Agency pool for its workers' compensation insurance coverage. The Commission is assessed an annual fee of approximately \$775 in exchange for this insurance coverage. Other than the annual premium, there have been no other assessments made by the pool and no further requirements imposed on the Commission.

SUPPLEMENTAL INFORMATION

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2007

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

Year Ended June 30, 2007

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Grant income | \$ 557,526 | \$ 327,468 | \$ 301,496 | \$ (25,972) |
| Local match | 165,137 | 71,059 | 89,052 | 17,993 |
| Dues | 93,449 | 107,679 | 103,265 | (4,414) |
| Other revenue | 4,942 | 10,513 | 8,830 | (1,683) |
| Total revenues | <u>821,054</u> | <u>516,719</u> | <u>502,643</u> | <u>(14,076)</u> |
| EXPENDITURES | | | | |
| Personnel costs | 333,663 | 300,335 | 305,456 | (5,121) |
| Space rental | 22,200 | 22,130 | 22,129 | 1 |
| Travel | 14,990 | 14,321 | 21,083 | (6,762) |
| Equipment | 5,000 | 10,965 | 11,857 | (892) |
| Phone/supplies/postage | 12,653 | 8,025 | 11,638 | (3,613) |
| Insurance | 4,913 | 6,132 | 5,741 | 391 |
| Matching funds expenses | 165,137 | 71,059 | 89,052 | (17,993) |
| Other expenses | 248,754 | 43,163 | 43,824 | (661) |
| Total expenditures | <u>807,310</u> | <u>476,130</u> | <u>510,780</u> | <u>(34,650)</u> |
| Excess of revenues over expenditures | 13,744 | 40,589 | (8,137) | (48,726) |
| Fund balance - beginning of year | <u>292,184</u> | <u>289,605</u> | <u>297,108</u> | <u>7,503</u> |
| Fund balance - end of year | <u>\$ 305,928</u> | <u>\$ 330,194</u> | <u>\$ 288,971</u> | <u>\$ 41,223</u> |

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF REVENUES AND EXPENDITURES - GRANT FUNDS
Year Ended June 30, 2007

| | Economic Development Administration EDA Cycle 04-06 | EDA Supplement 06 | EDA Cycle 07-09 | LED 07 |
|---|---|-------------------------|-----------------------|-----------|
| REVENUES | | | | |
| Federal and state grants | \$ - | \$ 50,000 | \$ 31,303 | \$ 2,888 |
| Local match - IMCAL | 13,521 | 3,475 | 13,416 | - |
| Total revenues | 13,521 | 53,475 | 44,719 | 2,888 |
| EXPENDITURES | | | | |
| Salaries | 5,854 | 19,816 | 20,273 | 1,305 |
| Fringe benefits | 1,200 | 3,977 | 3,818 | 262 |
| Consultants and contractors | - | 5,182 | - | - |
| Travel | 232 | 2,698 | 1,967 | 10 |
| Supplies | - | - | - | - |
| Publications and printing | 63 | 28 | 58 | - |
| Registration and subscriptions | - | 500 | - | - |
| Postage | - | 107 | 185 | 19 |
| Advertising | - | 73 | - | - |
| Equipment | - | 200 | - | - |
| Indirect expenses | 6,172 | 20,894 | 18,418 | 1,292 |
| Total expenditures | 13,521 | 53,475 | 44,719 | 2,888 |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in (out) | - | - | - | - |
| Excess of revenues over expenditures | \$ - | \$ - | \$ - | \$ - |

Note 1: The above schedule includes the current year's accrual of leave costs of \$1,472, which are charged as an indirect cost for accounting purposes. The schedule does not include non-federal expenditures of \$113,125. For financial statement purposes, the denoted items, when combined with the total expenditures on this schedule, will reconcile to the total expenditures in the statement of revenues and expenditures, and changes in fund balance - grant fund on this report. The Delta deficit is reflected as a decrease in the amount of fund balance reserved for Delta in the balance sheet - general fund.

| Delta 03 | Department of Transportation | | Total (Memo Only) |
|--------------|---------------------------------|----------------|----------------------|
| | FTA 04-05 | FHWA 04-05 | |
| \$ - | \$ 35,306 | \$ 181,999 | \$ 301,496 |
| - | <u>13,141</u> | <u>45,500</u> | <u>89,053</u> |
| - | <u>48,447</u> | <u>227,499</u> | <u>390,549</u> |
| 1,968 | 21,241 | 94,196 | 164,653 |
| 389 | 3,370 | 15,172 | 28,188 |
| - | - | 636 | 5,818 |
| 1,127 | 1,704 | 10,818 | 18,556 |
| - | - | 416 | 416 |
| - | - | 488 | 637 |
| - | 600 | 2,265 | 3,365 |
| 202 | 30 | 134 | 677 |
| - | 472 | 123 | 668 |
| - | - | 9,993 | 10,193 |
| <u>1,948</u> | <u>21,030</u> | <u>93,258</u> | <u>163,012</u> |
| <u>5,634</u> | <u>48,447</u> | <u>227,499</u> | <u>396,183</u> |
| (5,634) | - | - | (5,634) |
| <u>5,634</u> | <u>-</u> | <u>-</u> | <u>5,634</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the
Imperial Calcasieu Regional Planning
and Development Commission
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Imperial Calcasieu Regional Planning and Development Commission as of and for the year ended June 30, 2007 and have issued our report thereon dated February 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. Significant deficiencies are described in the accompanying schedule of questioned costs as items 07-1 and 07-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that items 07-1 and 07-2 described above are material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the Imperial Calcasieu Regional Planning & Development Commission and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

MS Elroy Quirk & Burch

Lake Charles, Louisiana
February 25, 2008

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2007

I. Summary of Auditors' Results:

A) Type of Auditors' Report on Financial Statements:

Unqualified Opinion

B) Significant Deficiencies and Material Weaknesses in Audit of Financial Statements:

Items 07-1 and 07-2 are significant deficiencies and material weaknesses.

C) Compliance Findings in Audit of Financial Statements:

The results of our tests disclosed two instances of noncompliance that are required to be reported under Government Auditing Standards. (See Item 07-03 and 07-04.)

II. Compliance and Internal Control over Financial Reporting:

A) Internal Control - Financial Statement Audit

07-1 Lack of Segregation of Duties

Finding: Effective internal control is dependent to a great extent on segregation of responsibilities for initiating, evaluating, and approving transactions from those for detail accounting and other related functions.

Criteria: Proper internal controls require that there be segregation of certain duties.

Effect: There is no current financial statement impact of this finding.

Cause: Because of the entity's size, segregation of duties is not always feasible.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2007
(Continued)

Recommendation: As in the previous year, we recommend that the executive director and board members continue to take an active interest in the monitoring of the Commission's financial information.

Response: At this point, it is not feasible to increase the size of our accounting staff in order to provide proper segregation of duties. As we have done in the past, the management will continue to take the necessary actions to properly monitor the financial activities of the Commission that will include participation in the review of the monthly accounting data.

07-2 Controls over Financial Reporting

Finding: In our judgment, the Commission's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present.

Criteria: The Auditing Standards Board recently issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. SAS No. 112 emphasizes that the auditor cannot be part of the system of internal control over financial reporting.

Effect: Material misstatements in financial statements could go undetected.

Recommendation: In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2007
(Continued)

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

B) Compliance with Laws and Regulations - Financial Statement Audit:

07-3 Audit Report Issued After Statutory Deadline

Finding: The June 30, 2007 financial statements were not filed with the Legislative Auditor's office by original due date of December 31, 2007 as required by LSA-RS 24:514.

Criteria: The Legislative Auditor generally requires audited financial statements to be filed within six months after the fiscal year end of government entities.

Effect: The Commission is not in compliance with LSA-RS-24:514.

Recommendation: Steps should be taken to ensure all audit reports be issued in a timely manner.

Response: Imperial Calcasieu Regional Planning and Development Commission acknowledges that the report was due December 31, 2007. The client was unable to provide all information in suitable time for the completion of the engagement. However, due to delays caused by the effects of Hurricane Rita and the conversion of computer software, the Commission was unable to submit the report in a timely manner. The effects of Hurricane Rita should not recur; therefore, we do not anticipate this happening in the future. The report will be submitted timely in accordance with the newly stated March 1, 2008 extended deadline.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2007
(Continued)

07-4 Expenditures in Excess of Budget

Finding: For the year ended June 30, 2007, general fund actual expenditures and other uses exceeded total budget expenditures by 7.28%.

Criteria: LSA-RS-39:1310 requires budget amendments when total actual revenues and other sources or expenditures and other uses exceed or fail to meet total budget revenues and other sources or expenditures and other uses by five percent or more.

Effect: The Commission is not in compliance with LSA-RS-39:1310.

Recommendation: The budget should be reviewed periodically for large variances.

Response: Management concurs.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2007

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

- | | | |
|------|---|---|
| 06-1 | Lack of segregation of duties | Unresolved - See Comment 07-1 in Schedule of Current Year Findings |
| 06-2 | Audit report issued after statutory deadline | Unresolved - See comment 07-3 in Schedule of Current Year Findings |